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CAUTION NEEDED ON PUERTO RICAN STATEHOOD: THE COSTLY, CONFUSING, AND CONTENTIOUS REPERCUSSIONS OF H.R. 856

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Congress will soon confront the issue of Puerto Rican statehood in considering the United States–Puerto Rico Political Status Act (H.R. 856). The stated purpose of this bill is to express the congressional commitment to “encourage” procedures through which the permanent political status of the people of Puerto Rico can be established. In addition, if Congress were to enact a law making English the official language of the United States, the bill states that “it is anticipated that upon accession to Statehood, English would become the official language of the Federal Government in Puerto Rico to the same extent as Federal law [would] then [require] throughout the United States.” The bill authorizes a referendum, to be held by December 31, 1998, offering Puerto Ricans a choice of three options: Commonwealth status, U.S. statehood, or full independence. If a simple majority of voters supported statehood in the referendum, President Bill Clinton would then have to submit to Congress a transition plan for the admission of Puerto Rico into the Union within the next ten years.

Although H.R. 856 purportedly seeks to complete a process that began in 1898 when Puerto Rico became a U.S. territory, it opens the possibility of a referendum on statehood. Statehood for Puerto Rico would cost American taxpayers greatly and would trigger divisive debate over language and culture. In addition, in the proposed referendum, the options for permanent political status are not fully defined, leaving room for Puerto Rican voters to misunderstand the choices. The possible establishment of an English language requirement could create a cultural crisis for Puerto Ricans, who neither teach it as an official language in school nor use it on a daily basis. Moreover, it could open a divisive controversy about the official recognition of second languages in America. Finally, Puerto Rican statehood would have adverse long-term budgetary and political consequences for the United States as a whole.

Budgetary Costs. Statehood carries major budgetary implications for the U.S. government. As a state, Puerto Rico would be eligible to participate in all federal social programs at a projected annual cost of more than \$3 billion in new federal expenditures for welfare and entitlement programs, according to a 1990 Congressional Budget Office study. Administration estimates of increased annual federal outlays if Puerto Rico were to become a state include \$1.2 billion in Medicaid, \$800 million in Supplemental Security Income, and \$620 million in food stamps, among others. A 1990 KPMG Peat Marwick study on the economic and fiscal impacts of Puerto Rican statehood indicated that “over the forecast 1992–2000 period, the net cumulative cost to the U.S. Government would be between \$22.3 billion to \$25.9 billion.”

Puerto Rico's per capita income in 1992 was \$6,428—less than half the per capita income of the poorest state. Currently, its residents are exempt from paying federal income taxes. As residents of a U.S. state, Puerto Ricans would be subject to federal income tax, but the increased tax revenues would be eclipsed by the projected increases in federal payments to the island's residents. For example, a 1996 U.S. General Accounting Office study estimated that over 59 percent of Puerto Rican taxpayers who filed individual returns would qualify for an Earned Income Tax Credit (EITC), for a total cost of \$574 million. If the estimated additional EITCs that could be claimed by legal non-filing residents are included, federal taxes collected from Puerto Rico would not even cover its EITC payments.

The Citizenship Question. Although Puerto Ricans have enjoyed special U.S. citizenship since 1917, specific mention of guaranteed U.S. citizenship in the referendum appears only under the option for statehood. By not mentioning guaranteed U.S. citizenship specifically under the Commonwealth option as well, the referendum could imply that U.S. citizenship is guaranteed only under the statehood option. Leaving the question of U.S. citizenship under the Commonwealth structure unclear could skew the referendum's results by boosting support for statehood.

A Possible Quebec-Style Culture Conflict. Establishing English as the official language of this Spanish-speaking nation would generate cultural divisions similar to those challenging the French-speaking people of Quebec and the rest of Canada. Fewer than 20 percent of Puerto Ricans speak English fluently, according to the 1990 U.S. Census; this was confirmed by a June 1997 survey conducted by the polling firm American Viewpoint. In fact, a July 1997 study by Kaagan Research & Associates found that 76 percent of Puerto Ricans think it unacceptable to have English as their official language. Spanish is the official language of instruction in Puerto Rico's schools, and the education establishment has strongly opposed any effort to make English the predominant language of instruction. Moreover, a vibrant independence movement is adamantly opposed to statehood and to English as the official language. Extremists could be provoked into more aggressive or violent action, not only deepening political and cultural divisions on the island, but also possibly provoking terrorist attacks against Americans or Puerto Rican supporters of statehood.

If Puerto Rico gains statehood, its state government could vote to amend the state constitution to declare Spanish the official language. The U.S. government could be forced to make Spanish a quasi-official language to accommodate the needs of Puerto Ricans. Puerto Rican statehood and the mandate for making English the official language of the U.S. inevitably will generate friction over language and culture. If this friction translates into political turmoil similar to the bitter separatist struggle in Quebec, it could undermine the long-term assimilation of Puerto Ricans into American society.

The Political Costs. Congress should realize that creating another state through H.R. 856 could significantly alter the future political and economic course of America. If Puerto Rico is elevated to statehood, its elected representatives in Congress will be more likely to favor further expansion of entitlement benefits. Their presence could tilt the balance of power away from fiscal conservatives battling to trim the bloated welfare state. This would be a significant step backwards in the long-term struggle for limited government, free-market economic reforms, and expanded individual freedoms. Today, only about 40 percent of Puerto Ricans support statehood, according to the island's most heavily circulated paper, *El Nuevo Dia*. Given that a majority of Puerto Ricans do not favor statehood and, in fact, voted against it in plebiscites in 1952, 1967, and 1993, there are strong reasons to rethink this bill—not the least of which are the more than \$3 billion annual cost to American taxpayers, cultural divisiveness, and long-term political consequences. Before further action is taken, supporters of H.R. 856 should be asked to identify for the American public the budget cuts necessary to offset the multibillion dollar impact of this legislation. Moreover, they should explain why Congress should invest the time and money to push a referendum on statehood for Puerto Rico when a majority of Puerto Ricans have not clamored for it.